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T H E B E E F C A T T L E S I T U A T I O N

Summary

With larger feed-grain production this year than last, the number and proportion of cattle to be fed this winter and spring probably will be considerably in excess of the number and proportion fed in 1936-37. Hence, marketings of grain-fed cattle in 1938 will be much larger than in 1937, according to the Bureau of Agricultural Economics, and prices of the better grades of slaughter cattle are expected to decline by more than the usual seasonal amount in the first half of next year.

Top prices paid for cattle in late September reached the highest level for the month on record. At \$19.90 per 100 pounds, top prices at Chicago were exceeded only in the period from December 1918 to April 1919 and in November and December 1919. The high prices paid for the best grades this year, both absolutely and relative to prices for lower grades, were due principally to the short supplies of well-finished, grain-fed cattle.

Prices of the lower grades of slaughter cattle declined somewhat in September as a result of a seasonal increase in marketings of such cattle. Prices of nearly all kinds of cattle declined in the first half of October, and there was a sharp break in top prices in that period.

Marketings of cows, heifers, and calves in 1938 probably will be smaller than in the present year because of the tendency for restocking in many areas. Prices of the lower grades of slaughter cattle are expected to advance seasonally in the first half of 1938, and the average for the year may be as high as or higher than that in 1937. The present unusually wide spread between prices of the better grades and lower grades of slaughter cattle probably will be narrowed considerably in the next 6 months.

Slaughter supplies of both cattle and calves in 1938 are expected to be smaller than in 1937, with most of the decrease occurring in the first half of the year. Average live weight of cattle slaughtered, however, will be somewhat heavier than in the present year.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND - Cattle prices recovered rapidly in 1934 and 1935 from the depression-low levels of 1933. Largely because of increased marketings of grain-fed cattle in the first half of 1936, prices of the better grades of slaughter cattle declined sharply in that period. With continued improvement in consumer purchasing power, however, prices of all grades of cattle advanced from mid-summer 1936 to mid-summer 1937.

Top prices in September highest since 1919

As a result of continued scarcity of well-finished cattle, prices of the better grades advanced further in September from the relatively high levels reached in August. Top prices paid for cattle at Chicago reached \$19.90 per 100 pounds in late September, which was the highest price paid at that market for the month on record and was exceeded only in the period from December 1918 to April 1919 and in November and December 1919. Some recession occurred in early October, however, in the prices of the better grades of slaughter cattle as well as in the prices of other kinds of cattle. The average price of choice and prime grade slaughter steers in September was the highest since 1928, when the peak of the previous cattle price cycle was reached.

Marketings of the lower grades of slaughter cattle were large in September, and prices of such cattle declined about seasonally during the month. This decline was continued in early October. Prices of medium grade slaughter steers at Chicago averaged \$10.40 in September, which was about 35 cents lower than in August and about 50 cents lower than in July, but was more than \$2.50 higher than in September a year earlier and was the highest average price for such cattle, with the exception of July and August, since May 1930.

The spread between prices of choice and prime, and common grade slaughter steers at Chicago averaged \$9.37 in September compared with \$8.15 in August and \$3.25 a year earlier. The spread in September this year was the largest for all months in the 16 years of record.

Prices of cows, heifers, and stocker and feeder cattle also declined somewhat in September, but prices of veal calves advanced. Although prices of stocker and feeder cattle declined, prices of such cattle were still considerably higher than a year earlier. Prices of good and choice stocker and feeder steers, 500 to 800 pounds, averaged \$8.46 at Kansas City in September this year compared with \$6.21 in September 1936.

Cattle slaughter increased seasonally in September

Cattle slaughter in September was seasonally larger than in August. The number of cattle slaughtered under Federal inspection in September, totaling 939,000 head, was 7 percent larger than in August, but was 12 percent smaller than the unusually large slaughter that occurred in September 1936, when drought forced the sale of many cattle from important producing areas. Inspected calf slaughter in September, totaling 537,000 head, was slightly smaller than in August and was about 3 percent smaller than that of a year earlier. Although slaughter supplies of both cattle and calves in September were smaller than those of a year earlier, they were still considerably larger than the 1924-33 average for the month.

From January through June this year cattle slaughter was nearly as large as the unusually large slaughter of the first half of 1936, since marketings from the Western Corn Belt and much of the Great Plains following the 1936 drought continued on a fairly wide scale, and supplies from the Southwest were large. With generally improved pasture and range conditions, however, and with prospects for greatly increased feed grain production compared with 1936, forced marketings were greatly reduced and slaughter in the 3 months from July through September was from 12 to 15 percent smaller than in the same months of 1936.

For the first 9 months of 1937 inspected cattle slaughter was 6 percent smaller than in the corresponding period of 1936, but inspected calf slaughter was 7 percent larger. Average weights and dressing yields of cattle slaughtered thus far in 1937 have been lower than those of a year earlier, chiefly as a result of the unusually small proportion of heavy, well-finished cattle in the slaughter supply.

Western Great Plains and southern Texas continue dry

Rainfall in September was much less than normal in large areas of the Western Great Plains and southern Texas, where extremely dry weather has prevailed in the last few months. In the Northern Great Plains, northwestern Texas, and eastern New Mexico, however, the amount of rainfall in September was above normal. Good, general rains are needed, nevertheless, in most sections from the lower Missouri Valley to the Rocky Mountains, particularly from Texas northward to South Dakota.

Although conditions in the Great Plains and part of the Western Corn Belt have been hot and dry this year, ranges and pastures in most of the Western cattle States have been better this year than last, and much better in the States that suffered most from the 1936 drought, except in restricted areas. Pastures are very poor in the Sand Hills area of Nebraska, and hay and feed supplies in that area will be smaller than in either of the drought years 1934 and 1936. Western cattle, however, are reported to be generally in good condition except in local areas.

Cattle shipments in September were large from Texas and Colorado, and were fairly large from parts of Nebraska, Kansas and Oklahoma. Shipments from other western sections were relatively small, particularly from the section where shipments were large in the fall of 1936. Present indications are that shipments from Nebraska, Colorado, and the Southwest will be fairly large in the next few months.

OUTLOOK

Price spread to be reduced

A fairly large increase in cattle feeding is expected to occur in the coming winter, chiefly as a result of the larger production of feed grains this year than last. Marketings of fed cattle in 1938 are expected to be much larger than in 1937. The increase in such marketings probably will result in a greater than usual seasonal decline in prices of the better grades of slaughter cattle in the first half of 1938.

Marketings of other kinds of cattle, however, are likely to be reduced because of the tendency for restocking in many areas. Prices of the lower grades of slaughter cattle, therefore, probably will advance seasonally in the first half of 1938, and the average for the year may be as high as or higher than that in 1937. The prevailing unusually wide spread between prices of the better grades and lower grades of slaughter cattle is not likely to continue for many months, in view of prospective decline in prices of the better grades and the probable steady to higher prices of the lower grades in the first half of 1938.

Proportion of grain-fed cattle to be increased

Total beef production in 1938 probably will be somewhat smaller than in 1937, but because of the increase in cattle feeding the supply of the better grades of beef will be considerably larger than in the current year. The supply of feed-grains per head of livestock to be wintered is much larger this year than last, and is larger than average in most areas.

With relatively cheap and abundant supplies of feed, and relatively high prices for beef cattle, it is probable, however, that there will be a considerable restocking of cattleherds in 1938 in most areas where numbers have been reduced by drought in recent years. Hence, the slaughter of cows, heifers, and calves in 1938 is likely to be smaller than in 1937. In a large part of the Great Plains and some parts of Texas, moreover, liquidation of cattle occurred in 1937 because of continued dry weather. These areas will not be able to supply as many cattle as usual in 1938 without seriously depleting cattle herds. It seems probable, therefore, that total cattle slaughter in 1938 will be smaller than in 1937, with most of the decrease occurring in the first half of the year.

Inspected cattle slaughter in 1938 may be the smallest since 1933, but probably will be greater than the 1924-33 average of 8,850,000 head. Average live weights of cattle slaughtered in 1938, however, will be materially heavier than the very light weights of cattle slaughtered in 1937, but the increase in average weights is not likely to be large enough to offset the reduction in numbers. Hence the total live weight of cattle slaughter in 1938 probably will be somewhat smaller than that of the present year. The total live weight of calves slaughtered also is likely to be smaller.

Price per 100 pounds of cattle and calves, September 1937 with comparisons

Classification	: Sept. : :average: :1924-33:	: Sept. : 1935	: Sept. : 1936	: July : 1937	: Aug. : 1937	: Sept. : 1937
	:Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Beef steers sold out of first hands at Chicago:						
Choice and Prime	12.29	12.13	9.60	15.47	16.38	17.38
Good	10.92	10.70	8.86	13.83	13.97	13.88
Medium	9.17	8.62	7.85	10.91	10.76	10.40
Common	7.23	6.59	6.35	8.40	8.23	8.01
All grades	10.59	10.36	9.16	13.97	14.13	13.78
Cows, Chicago:						
Good	<u>1/</u> 6.87	5.88	5.68	8.36	8.19	7.97
Low cutter and cutter	<u>2/</u> 3.85	3.83	3.66	4.63	4.74	4.66
Vealers, Chicago:						
Good and Choice	12.07	9.69	9.55	9.85	11.16	11.80
Stocker and feeder steers:						
Kansas City -						
500 - 800 pounds.						
Good and Choice	<u>3/</u>	7.66	6.21	8.34	8.68	8.46
800-1050 pounds,						
Good and Choice	<u>3/</u>	7.65	6.58	9.23	9.91	9.43
Average price paid by packers:						
Cattle	7.37	6.30	6.15	8.17	7.66	
Calves	8.82	7.15	6.42	8.02	8.11	

1/ Good and Choice, 1924-27.

2/ Canned and cutter, 1924 - June 1926.

3/ Not available.

Slaughter and market supplies of cattle and calves, specified periods

Item	Unit	Sept. average 1924-33	Sept. 1936	July 1937	Aug. 1937	Sept. 1937
Inspected slaughter <u>1/</u> -						
Cattle	thousands:	804	1,071	790	880	939
Calves	"	386	553	520	538	537
Beef steers sold out of first hands at Chicago:						
Choice and Prime	"	18	56	22	19	13
Good	"	48	24	20	23	18
Medium	"	21	7	6	8	10
Common	"	6	5	3	4	4
All grades <u>2/</u>	"	93	92	51	54	45
Receipts of cattle at seven markets <u>3/</u>	"	<u>4/</u> 873	930	533	838	845
		Aug. average 1924-33	Aug. 1936	June 1937	July 1937	Aug. 1937
Inspected slaughter -						
Cows and heifers	thousands:	342	542	426	445	527
Steers	"	386	432	376	309	294
Average live weight:						
Cattle	pound	946	918	900	894	888
Calves	"	196	198	180	190	206
Average dressed weight -						
Cattle	"	514	480	475	465	454
Calves	"	111	110	104	108	116
Total dressed weight:						
Cattle	mil.lb.	387	483	397	365	397
Calves	" "	42	59	60	56	62
Stocker and feeder shipments: from public stockyards <u>5/</u> :						
Cattle	thousands:	248	271	185	190	330
Calves	"	21	47	32	33	51
Imports:						
Cattle <u>6/</u>	"	17	19	43	45	57
Canned beef <u>7/</u>	1,000 lb.:	<u>8/</u> 3,304	8,938	12,461	10,323	6,842

1/ Bureau of Animals Industry.2/ Totals of unrounded numbers.3/ Chicago, Kansas City, Omaha, East St. Louis, St. Joseph, Sioux City, and St. Paul.4/ Average 1929-33.5/ Approximately 62 public stockyards prior to 1936, when the number was increased to 69.6/ United States Department of Commerce. General imports prior to 1934, beginning January 1, 1934, imports for consumption. 7/ United States Department of Commerce and United States Tariff Commission. Imports for consumption.8/ Figures include "other canned meats", prior to 1929.

